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OVERSIGHT OF THE ELECTRIC
RELIABILITY COUNCIL OF TEXAS

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BEFORE THE
PUBLIC UTILITY COMMISSION
FILING CLERK

OF TEXAS

**COMMENTS IN FAVOR OF TEAM'S
EMERGENCY REQUEST TO ENFORCE COMMISSION ORDER**

These comments are provided by the undersigned as *amicus curae* or friends of the Commission and not on behalf of any particular client of this firm. We support the Texas Energy Association for Marketers' ("TEAM") Emergency Request to Enforce Commission Order filed on February 19, 2021. TEAM's Request was in response to the prices set by ERCOT following the Second Order Directing ERCOT to Take Action and Granting Exception to Commission Rules. In that Order, the Commission stated,

If customer load is being shed, scarcity is at its maximum, and the market price for the energy needed to serve that load should also be at its highest.

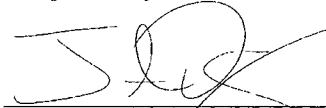
So if customer load is being shed, then the market price should reach its cap. However, loads are not being shed 24/7. Under the reasoning of the Second Order, prices should only reach the market cap when load is shed. Otherwise, prices should respond as usual to market forces. To force all electricity to be priced at the market cap, even when demand does not exceed supply, unjustly enriches generators while putting excessive strain on the financial resources of retail electric providers (REPs) and their customers.

Furthermore, the Order changed the rules of the market without giving REPs either an opportunity for comment or an opportunity to react and hedge their positions. It is understandable that with the emergency situation there simply was not time for this to occur. However, REPs and their customers will be irreparably harmed by ERCOT's implementation of the Second Order without the clarification or modification requested by TEAM. For one extreme example, customers who purchase

electricity through wholesale-electric-market REPs, such as Griddy Energy, LLC, are subject to prices that are so high and so dangerous that Griddy has actively encouraged its customers to find different energy providers.¹ Customers and the companies they have chosen to serve them should not be forgotten.

WHEREFORE, PREMISES CONSIDERED, we fully support the relief requested by TEAM as described in its Emergency Request to Enforce Commission Order and request that the Commission provide such relief at the earliest opportunity.

Respectfully Submitted,



Jason Danowsky
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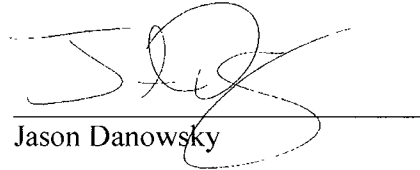
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¹ See attached: <https://www.bloomberg.com/news/articles/2021-02-15/texas-power-retailers-in-face-of-freeze-please-leave-us>.

CERTIFICATE OF SERVICE

I certify that notice of the filing of this document was provided to all parties of record via electronic mail on February 20, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.



Jason Danowsky

Markets

Texas Power Retailers to Customers in Face of Freeze: Please, Leave Us

By [Naureen S Malik](#)

February 15, 2021, 4:24 PM CST

- ▶ Power suppliers caught offguard are asking customers to switch
- ▶ Griddy tells all 29,000 customers to find another provider



Watch: The dangerously cold temperatures gripping auto-reliant Texas present a terrible dilemma for millions of residents.

Some retail power companies in Texas are making an unusual plea to their customers amid a deep freeze that has sent electricity prices skyrocketing: Please, leave us.

One power supplier, Griddy, told all 29,000 of its customers that they should switch to another provider as spot electricity prices soared to as high as \$9,000 a megawatt-hour. Griddy's customers are fully exposed to the real-time swings in wholesale power markets, so those who don't leave soon will face extraordinarily high electricity bills.

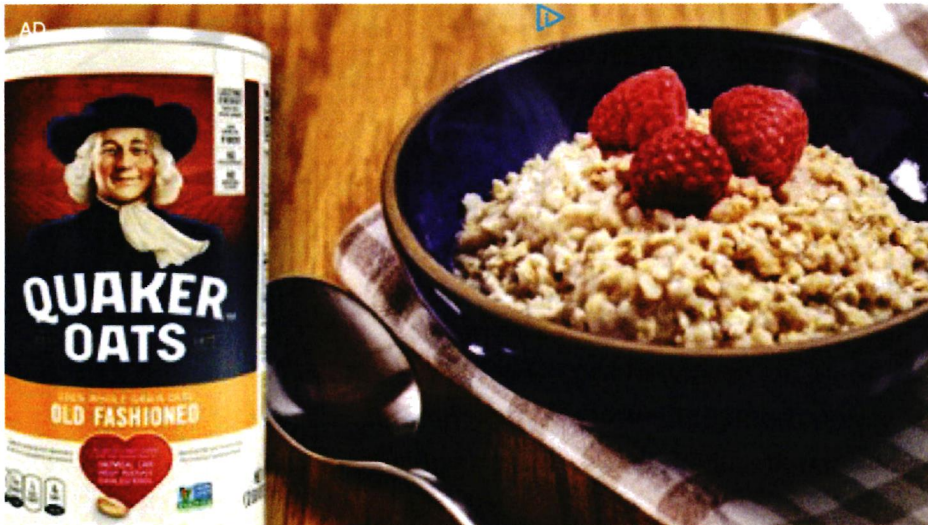
"We made the unprecedented decision to tell our customers -- whom we worked really hard to get - that they are better off in the near term with another provider," said Michael Fallquist, chief

executive officer of Griddy. “We want what’s right by our consumers, so we are encouraging them to leave. We believe that transparency and that honesty will bring them back” once prices return to normal.

Texas is home to the most competitive electricity market in America. Homeowners and businesses churn power providers there like credit cards. In the face of such cutthroat competition, retail power providers in the region have grown accustomed to offering new customers incredibly low rates, incentives and, at least in Griddy’s case, unusual plans that allow customers to pay wholesale power prices as opposed to fixed ones.

The ruthless nature of the business has power traders speculating over which firms might have been caught short this week in the most dramatic run-up in spot power prices they’ve ever seen.

Not all companies are asking customers to leave. Others are just pleading for them to cut back.



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Pulse Power, based in The Woodlands, Texas, is offering customers a chance to win a Tesla Model 3, or free electricity for up to a year if they reduce their power usage by 10% in the coming days. Austin-based Bulb is offering \$2 per kilowatts-hour, up to \$200, for any energy customers save.

Griddy, however, is in a different position. Its service is simple -- and controversial. Members pay a \$9.99 monthly fee and then pay the cost of spot power traded on Texas’s power grid based on the

time of day they use it. Earlier this month, that meant customers were saving money -- and at times even getting paid -- to use electricity at night. But in recent days, the cost of their power has soared from about 5 to 6 cents a kilowatt-hour to \$1 or more. That's when Fallquist knew it was time to urge his customers to leave.

"I can tell you it was probably one of the hardest decisions we've ever made," he said. "Nobody ever wants to see customers go."

Read More: [Big Freeze Threatens Texas With Blackouts as Markets Gyrate \(2\)](#)

Griddy isn't the only one out there actively encouraging its customers to leave. People were posting similar pleas on Twitter over the holiday weekend from other Texas retail power providers offering everything from \$100 rebates to waived cancellation fees as incentives to switch.

Customers may not even be able to switch. Rizwan Nabi, president of energy consultancy Riz Energy in Houston, said several power providers in Texas have told him they aren't accepting new customers due to this week's volatile prices.

Hector Torres, an energy trader in Texas, who is a Griddy customer himself, said he tried to switch services over the long weekend but couldn't find a company willing to take him until Wednesday, when the weather is forecast to turn warmer.

"I'll find out in the next week if I'm getting a huge bill," he said.

— With assistance by Rachel Adams-Heard, and Lucia Kassai

(Adds additional examples in the sixth paragraph.)

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